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Greece

Market Development Reports

Thessaloniki Opens Supermarket Chains and Serves as Gateway to Balkans

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Report Highlights:

Big supermarket chains are about to change the retail food scene in the northern Greek port of Thessaloniki. This major city is also the main port of entry for agricultural products destined for Balkan countries. The first developments in 2005 are expected in the retail sector where new entrants will challenge traditional traders, creating opportunities for renewal for the long-established companies.

Includes PSD Changes: No
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The Prefecture of Thessaloniki, in Northern Greece, has a population of 1.1 million people, and is among the wealthiest prefectures of Greece. Thessaloniki, or "Thess" produces 11.7% of the national GDP (\$234.9 billion in 2004). Around one fourth of the area's GDP is produced by the industrial sector, while the agricultural sector (and food processing sector) is among the prefecture's most dynamic ones. According to trade data, between 1998-2002, 2,747 new businesses opened in the prefecture with an invested capital of €815.7 million, approx \$1.2 billion. During this period, new businesses choosing this prefecture as a base corresponded to 12% of all new businesses opened nationally, and represented an invested capital of 13.5% of total invested capital country-wide.

Thessaloniki, the capital of the prefecture and of Northern Greece, has 236 supermarket outlets belonging to chains (both national and international), 8 Lidl outlets, and 37 independents. The largest local chain in Northern Greece is Masoutis Group, with 159 outlets, 92 of which are in Thessaloniki prefecture. Their sales in 2003 totaled €481.60 million, approx \$688 million. They were followed by Arvanitidis S.A., with 46 outlets in Thessaloniki.

The area is undergoing rapid changes in 2005. Big international chains are coming into the area and there will be three commercial centers opening. Two of these centers are already constructed and will each have an area of 6,000 square meters and the other will be functional in the fall. These developments are expected to influence the economic status of Thess, already strong, as Thessaloniki's Port is the main port of entry for agricultural products destined to Balkan countries.

The retail trade is the first sector to be affected by these developments. As regards food trade, the German supermarket chain Plus belongs to Tengelmann Group, one of the most powerful groups of companies in the world with 7,200 outlets in 15 countries and an annual turnover of €25 billion, approx \$35.7 billion. Plus is scheduled to open in Thessaloniki by spring 2005. Lidl, the other German origin discounter, will face strong competition from Plus' entry. Several years ago Lidl selected Thessaloniki to be its port of entry into the Greek market. Apart from Lidl, Greek and other existing international grocery stores will have to react to these developments.

Wal Mart is also reported by trade sources to be in negotiations with a supermarket chain in Thessaloniki in order to facilitate its entry into Greece. Tesco is reported too to be interested in getting into the Greek market by merging with an existing chain of the North.

Greece, with only 7% of its trade marketed through hard discount chains, compared to a 30-40% eurozone average, provides good opportunities for supermarket chains to expand their businesses.